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CONFIDENTIAL

RECOMMENDED PLAN FOR LEGISLATIVE CHANGES IN THE RETIREMENT ACT
FOR CIA EMPLOYEES WHO ARE ENGAGED IN HAZARDOUS DUTIES

1. a. Under the present Civil Service retirement system an employee may retire at age 60, upon completion of 10 years' service.

b. Under the Foreign Service Act a participant, who has 20 years of service to his credit and has reached the age of 50 years, is entitled to retirement. It should be noted also that creditable service under the Foreign Service Act for service in the military apparently is limited to those cases where an individual is on leave of absence from the service.

c. Under the provisions of the Civil Service Retirement Act relating to FBI personnel and others whose duties are primarily the investigation, apprehension or detention of persons suspected or convicted of offenses against the criminal laws of the United States, such individuals may retire at age 50 where they have rendered at least 20 years of service.

It should be pointed out in connection with the latter category of people that the Civil Service Commission, upon recommendation of the head of the agency concerned, determines whether the employee is entitled to retirement under these special provisions.

2. The methods of computing the annuity in the above cases are set forth below:

a. The individual's average salary for his highest 5 consecutive years is used as a factor and multiplied by 1½% and then multiplied by the total number of years of service. There is a limitation of the annuity in that it may not exceed 75% of the average salary for the highest 5 consecutive years of service. This disregards the alternative computation where the average salary is less than $5,000.00

b. The annuity of a participant is calculated as 2% of his average basic salary not exceeding $10,000.00 per annum for the 5 years next preceding the date of his retirement, multiplied by the number of years of service not exceeding 30 years.

c. The individual, if determined to be eligible under the special provisions, is entitled to an annuity equal to 2% of his average basic salary for any 5 consecutive years of allowable service at the option of such officer and employee, multiplied by the years of service not exceeding 30 years.

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3. The security objections to the method used for determining eligibility under a in Paragraph 1 above appear to be fairly obvious if such a procedure were to be applied to employees of CIA. In connection with members of the Foreign Service, the administrative difficulties become apparent on examination and, we believe, are recognized by the Department of State. It becomes increasingly difficult to determine whether a particular individual should or should not be in the preferentially treated class. Hence, uniformity for individuals under similar circumstances seems eminently desirable.

4. The following plan is an initial suggestion for an amendment to the Civil Service Retirement Act applicable to CIA. The initial date from which extra credit could be computed would be stated as 22 January 1946, the official date on which CIA came into existence.

a. For each year an individual was engaged in hazardous duty he would receive credit for 1½ years for the purposes of computing years of service under the retirement Act. Thus, each year in hazardous service would lower the voluntary retirement age, now stated to be 60, six months.

b. Section 652 of the Foreign Service Act authorizes the President to establish a list of places which, by reason of climatic or other extreme conditions, have to be classed as unhealthful posts. Where an individual performs duty at one of such posts, he would receive credit for 2 years for each year of duty for the purpose of computing years of service. Further, each year at such a post would reduce the voluntary retirement age by eight months.

c. Days, months and years would be used in the initial computations. Five work days would be computed as one calendar week. However, in computing the annuity, the normal Civil Service rules would be applied.

d. Hazardous service would be defined to include all service abroad of any nature whatsoever. Other types of service would be classified as hazardous in accordance with standards to be established by the DCI. Further, each individual case, together with the length of service to be approved as hazardous, would be submitted by the delegee of the DCI, presumably the Personnel Director.

5. From the above it will be seen that generally, under the normal Civil Service system, 30 years of service and age 60 are the requirements for retirement. However, an individual who served 20 years abroad would be eligible to retire at age 50 under the proposed amendment and would have credit for 30 years of service. Consequently, it is readily seen that such individual, in effect, receives the benefits of the more liberal retirement laws of the Foreign Service and FBI and other investigatory personnel. There is considerably less leeway in applying discretion, and in the average case there would simply be required mathematical computation.

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6. It may be argued that the proposed plan is not as liberal as other plans. In some cases it may not be. In most cases the proposed plan would entitle the individual to a more liberal annuity than under the other two plans, i.e., Foreign Service and investigatory personnel. The increased benefits are directly related to the length of time in which the individual occupies a position to which are attached hazardous duties.

7. It is believed the required amendment to the Civil Service Retirement Act will be comparatively simple to accomplish. The benefits accruing to an individual while he was with CIA would be preserved in the event he transferred to another government agency. His creditable service would merely be certified on his Form 2806, which is forwarded to either the Civil Service Commission or the agency to which he is transferring. Upon reading the portion of the Congressional reports relating to investigatory personnel and the Foreign Service, it is believed the proposed legislation could be justified in a very adequate fashion.

8. It is intended that the above plan will be integrated completely within the existing Civil Service retirement plan. Consequently, all other provisions of the Civil Service Retirement Act would remain applicable.

[redacted]

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[redacted]
Assistant General Counsel for
Covert Affairs

NOTE: Table of Sections of Chapter 15 of Title 5, United States Code, into which probably require amendment under the above:

601 (a)
602 (b)
691 (c)
698
707
733
736 a.

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